



City of Wheatland

111 Main Street – Wheatland, California 95692
Tel (530) 633-2761 – Fax (530) 633-9102

CITY COUNCIL MEETING STAFF REPORT

**Date: April 13, 2010
Agenda Item:**

Subject: Bishop Tax Sharing Agreement Concept

Prepared by: Stephen L. Wright, City Manager

Recommendation: Council provide direction as desired.

Discussion: Staff has met with Yuba County staff related to the content of a proposed tax sharing agreement for the Bishop Pumpkin Farm annexation. In order to successfully proceed to LAFCO for approval of the annexation request, the City Council and County Board of Supervisors must enter into an agreement to share local taxes (usually property and sales taxes). City staff has suggested an agreement similar to the current agreement with the County for the Heritage Oaks, Jones Ranch and Rodden Ranch properties which border the Bishop site on three sides. That agreement calls for a 50 – 50 split of current property taxes and an 87.5% City / 12.5% County split of sales taxes. These splits would become effective as soon as the annexation is complete and certified.

The County is concerned about the potential immediate loss of revenues and has proposed a 10 year phase in of this revenue exchange. In addition they have proposed that the property be precluded from being included in any future redevelopment agency project area that the City might consider.

As a possible solution to this difference of implementing the tax split, staff has suggested consideration of the City's annexation of two properties that currently require some level of County services that could be relieved and transferred to the City and in turn allowing the implementation of the City's proposed tax split immediately upon certification of the Bishop annexation. The two proposed "clean up" annexations shown on the attached map would be the Nichols Point trailer park (bounded by Highway 65 and State Street/railroad tracks) and the point of land commonly known as the log cabin property (bounded by Highway 65 and the railroad tracks north of First Street). These properties are currently owned by multiple owners who would need to be consulted related to their

interest in annexing to the City. Council direction to contact these owners would be in order if you concur. Staff would also recommend that any such tax sharing agreement also delete any reference to precluding future inclusion of the land into a redevelopment agency since the primary purpose of redevelopment is to encourage business improvement and eliminate “blight”.

Staff would propose that a similar tax sharing agreement be implemented for these two cleanup annexations.

Alternatives: Multiple options towards resolution could include a more limited “phasing” of the tax split or a variety tax sharing options should the above concept not be accepted. In that case, direction to staff to continue negotiations and develop alternative solutions would be in order.

Fiscal Impact: The current level of taxes on the Bishop property is not great. The 50 – 50 split of property taxes would amount to approximately \$1,650 per year to the City. The sales tax revenues at the 87.5% split to the City would amount to about \$6,186 to the City. The benefits to the City to annex the two “clean up” properties would be the ownership of State Street which is badly in need of repair; and the ability to perform local code enforcement on the northerly site which frequently has itinerant vendors requiring County intervention. There would only be very minor property and sales taxes generated from these properties.